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OFFICE OF PETITIONS

In re Patent No. 6,132,432 :
Issue Date: 10/17/2000 :
Application Number: 09/280,283 : DECISION ON PETITION
Filing Date: 03/29/1999 :
Attorney Docket Number: :
0123.00017 :

This is a decision on the petition under 37 CFR 1.378(b),¹ filed on September 19, 2011, to accept the delayed payment of a maintenance fee for the above-identified patent.

The petition is dismissed.

If reconsideration of this decision is desired, a petition for reconsideration under 37 CFR 1.378(e) must be filed within TWO (2) MONTHS from the mail date of this decision. No extension of this 2-month time limit can be granted under 37 CFR 1.136(a) or (b). Any such petition for reconsideration must be accompanied by the petition fee of \$400.00 as set forth in 37 CFR 1.17(f).

¹ A grantable petition to accept a delayed maintenance fee payment under 37 CFR 1.378(b) must include

(1) the required maintenance fee set forth in § 1.20(e) through (g);
(2) the surcharge set forth in § 1.20(I)(1); and
(3) a showing that the delay was unavoidable since reasonable care was taken to ensure that the maintenance fee would be paid timely and that the petition was filed promptly after the patentee was notified of, or otherwise became aware of, the expiration of the patent. The showing must enumerate the steps taken to ensure timely payment of the maintenance fee, the date and the manner in which patentee became aware of the expiration of the patent, and the steps taken to file the petition promptly.

The petition for reconsideration should include an exhaustive attempt to provide the lacking item(s) noted below, since, after a decision on the petition for reconsideration, no further reconsideration or review of the matter will be undertaken by the Director.

The patent issued on October 17, 2000. The first maintenance fee was timely paid. The second maintenance fee could have been paid during the period from October 17, 2007 through April 17, 2008, or with a surcharge during the period from April 18 through October 17, 2008. Accordingly, the patent expired at midnight on October 17, 2008, for failure to timely pay the second maintenance fee.

On July 20, 2011, a letter styled as a petition under 37 CFR 1.378(b) was filed. However, a review of Office financial records reveals counsel's deposit account contained insufficient funds to charge the maintenance and petition fees. A letter was mailed in response on September 13, 2011, stating that the petition could not be granted nor denied in the absence of the required fees.

Petitioner states the sole inventor of the patent, Marc Richelsoph (hereinafter "Richelsoph") was an officer of Spinal Innovations, LLC (hereinafter "SI").

Petitioner further asserts, in pertinent part:

4. In 2006, the business relationship dissolved between Marc Richelsoph and Spinal Innovations, LLC, whereby the patent portfolio of which this instant matter was a part, was retained by Spinal Innovations, LLC, with the right of first refusal to Marc Richelsoph should Spinal Innovations, LLC, decide not to proceed with prosecution of any pending application, or payment of any maintenance fee.

5. Subsequent to the dissolution of the partnership between Marc Richelsoph and Spinal Innovations, LLC, patent counsel remained counsel of record to Spinal Innovations, LLC, and as such, provided notices to Spinal Innovations, LLC, in the course normal business practices as related to intellectual property.

6. Spinal Innovations, LLC, had a fiduciary responsibility to Marc Richelsoph to advise Marc Richelsoph that it was not taking action to pay the 7½-

year maintenance fee, but did not do so, therefore, Marc Richelsoph was not accorded his right of first refusal and had no knowledge that the maintenance fee was not to be paid.

7. Had Marc Richelsoph known of Spinal Innovations, LLC's, intention to not pay the 7½-year maintenance fee, Marc Richelsoph would have paid the same and resumed ownership of the patent as he had directed payment of the first maintenance fee, and it is his intent to pay the final maintenance fee.

8. Marc Richelsoph became aware that the 7½-year maintenance fee was not paid when he contacted counsel on April 1, 2011, to ascertain the amount due for the final 11½-year maintenance fee, and when it was due, only to learn that the patent had expired for nonpayment of the previous maintenance fee, and instructed legal counsel to file this instant Petition.

9. To avoid conflict of interest, the undersigned legal counsel had to take steps to ensure filing this Petition on behalf of Marc Richelsoph would not pose legal issues between legal counsel and Spinal Innovations, LLC, or legal issues between Marc Richelsoph and Spinal Innovations, LLC, as a result of this legal counsel's filing this Petition.

The Director may accept late payment of the maintenance fee if the delay is shown to the satisfaction of the Director to have been "unavoidable".² A patent owner's failure to pay a maintenance fee may be considered to have been "unavoidable" if the patent owner "exercised the due care of a reasonably prudent person."³ This determination is to be made on a "case-by-case basis, taking all the facts and circumstances into account."⁴ Unavoidable delay under 35 U.S.C. § 41(b) is measured by the same standard as that for reviving an abandoned application under 35 U.S.C. § 133.⁵ Under 35 U.S.C. § 133, the Director may revive an abandoned application if the delay in responding to the relevant outstanding Office requirement is shown to the satisfaction of the Director to have been "unavoidable". Decisions on reviving

² 35 U.S.C. § 41(c)(1).

³ Ray v. Lehman, 55 F.3d 606, 608-09 (Fed.Cir.), cert. denied, -- U.S. ---, 116 S.Ct. 304, L.Ed.2d 209 (1995).

⁴ Smith v. Mossinghoff, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982).

⁵ In re Patent No. 4,409,763, 7 USPQ2d 1798, 1800 (PTO Comm'r 1988).

abandoned applications have adopted the reasonably prudent person standard in determining if the delay was unavoidable.⁶ However, a petition to revive an application as unavoidably abandoned cannot be granted where a petitioner has failed to meet his or her burden of establishing the cause of the unavoidable delay.⁷ In view of In re Patent No. 4,409,763,⁸ this same standard will be applied to determine whether "unavoidable" delay within the meaning of 37 CFR 1.378(b) occurred.

There are three periods to be considered during the evaluation of a petition under 37 CFR 1.378(b):

- (1) The delay in reply that originally resulted in expiration;
- (2) The delay in filing an initial petition pursuant to § 1.378(b) to revive the application; and
- (3) The delay in filing a *grantable* petition pursuant to § 1.378(b) to revive the application.⁹

This petition lacks the showing required by periods (1) and (2).

With regard to period (1), this petition does not satisfy the requirement of 37 CFR 1.378(b)(3). The statements presented in the petition fail to satisfy the showing required to establish unavoidable delay within the meaning of 37 CFR 1.378(b).

Petitioner asserts that SI had a fiduciary responsibility to advise Richelsoph that SI had decided not to pay the 7 ½ year maintenance fee, but that SI failed to pay the maintenance fee and failed to inform Richelsoph that SI had decided not to pay the maintenance fee.

At the outset, petitioner has not provided a copy of the assignment or other agreement showing that Richelsoph had assigned his interest in the patent to SI. Further, no showing has been provided that SI had agreed to pay the maintenance fee or timely inform Richelsoph if SI decided not to pay the

⁶ Ex parte Pratt, 1887 Dec. Comm'r Pat. 31, 32-33 (Comm'r Pat. 1887) (the term "unavoidable" "is applicable to ordinary human affairs, and requires no more or greater care or diligence than is generally used and observed by prudent and careful men in relation to their most important business"); In re Mattullath, 38 App. D.C. 497, 514-15 (D.C. Cir. 1912); Ex parte Henrich, 1913 Dec. Comm'r Pat. 139, 141 (Comm'r Pat. 1913).

⁷ Haines v. Quigg, 673 F. Supp. 314, 5 USPQ2d 1130 (N.D. Ind. 1987).

⁸ 7 USPQ2d 1798, 1800 (Comm'r Pat. 1988), aff'd sub nom. Rydeen v. Quigg, 748 F.2d 623 (Fed. Cir. 1991) (table), cert. denied, 502 U.S. 1075 (1992).

⁹ See Changes to Patent Practice and Procedure; Final Rule Notice, 62 Fed. Reg. 53131 at 53158 (October 10, 1997).

maintenance fee. In this regard, a copy of the agreement must be provided. Furthermore, petitioner must obtain affidavits or declarations of facts from person with first-hand knowledge of the details of the decision not to pay the maintenance fee, setting forth the facts as they know them.

In this regard, reliance upon third party prosecution of a patented file without an express contractual obligation designating the third party as the sole payor of the maintenance fees does not constitute unavoidable delay within the meaning of 35 U.S.C. § 133.¹⁰ Assuming, *arguendo*, such a contract does exist, petitioner is further required to show that steps were taken by petitioner to inquire as to the third party's reasonably diligent efforts to timely pay the maintenance fees.¹¹ If petitioner can not provide evidence that a third party was contractually obligated to pay the maintenance fees in the present patent and that petitioner had maintained inquiry with that third party as to the steps taken to timely pay the maintenance fee, the petitioner must indicate what steps were taken by the petitioner to ensure timely payment of the maintenance fee.

In this case, petitioner has not provided a copy of the contract in which SI states that it will pay the maintenance fees or timely inform Richelsoph of its intention not to pay the maintenance fees.

Assuming, *arugendo*, the patent had been assigned to SI; SI, as the assignee of the entire interest was free to deal with the patent as SI willed.¹² As such, petitioner, as the putative successor in title, is bound by the delay resulting from SI, its partners, or their principles' business decisions, actions, or inactions, including those business decisions, actions, or inactions which led to the failure to obtain or remit, the maintenance fee herein, or the failure of SI to earlier assign its rights to petitioner.¹³ As petitioner acquired his interest after the patent expired, that he may have subsequently acted with diligence is immaterial to the delay that led to the expiration of the patent.¹⁴ Rather, petitioner, as the successor in title to SI's patent, is bound by SI, its partners,

¹⁰ See Futures Technology Ltd. v. Quigg, 7 USPQ2d 1588 (E.D. Va. 1988).

¹¹ See Winkler v. Ladd, 138 USPQ 666 (Comm'r Pat. 1963).

¹² See Garfield v. Western Electric Co., 298 F.659 (S.D.N.Y. 1924).

¹³ See Winkler v. Ladd, 221 F.Supp. 550, 552, 138 USPQ 666, 667 (D.D.C. 1963).

¹⁴ See Kim v. Quigg, 718 F.Supp. 1280, 12 USPQ2d 1604 (E.D. Va 1989).

or their principal's previous business decisions, actions, or inactions, regarding the maintenance fee for this patent.¹⁵

Furthermore, assuming, *arguendo*, that SI was obligated to pay the maintenance fee in this patent, petitioners should send a letter to SI or its counsel asking SI to explain the circumstances surrounding its agreement with Richelsoph concerning payment of the second maintenance fee for the subject patent, whether SI had agreed to pay the second maintenance fee, and whether, if SI had decided not to maintain this patent in force, SI attempted to contact Richelsoph in a timely manner to allow him to maintain this patent in force. Petitioners should include a copy of the response to the letter with any renewed petition. If no response is received, petitioners should so state in any renewed petition.

Regardless of whether or not SI was obligated to pay the maintenance fee, however, petitioners are required to show that steps were taken by petitioner to inquire as to the third party's reasonably diligent efforts to timely pay the maintenance fees.¹⁶ The showing of record, however, is that no attempts were made to contact SI, or its counsel until April 1, 2011, at least four years after the end of 2006, the year during which the business relationship between SI and Richelsoph dissolved. Rather than a showing of steps in place, the record suggests that petitioner Richelsoph simply assumed that SI would pay the maintenance fee, but made no attempt to verify its timely submission.

In any event, the Office is not the proper forum for resolving a dispute as to the effectiveness of communications between parties regarding the responsibility for paying a maintenance fee.¹⁷

The U.S. Patent and Trademark Office must rely on the actions or inactions of duly authorized and voluntarily chosen representatives of the applicant, and applicant is bound by the consequences of those actions or inactions.¹⁸ Specifically, petitioner's delay caused by the mistakes or negligence of his voluntarily chosen representative does not constitute unavoidable delay within the meaning of 35 U.S.C. § 133.¹⁹

¹⁵ Winkler, supra; Kim supra.

¹⁶ See Winkler v. Ladd, 138 USPQ 666 (Comm'r Pat. 1963).

¹⁷ Ray v. Lehman, 55 F.3d at 610.

¹⁸ Link v. Wabash, 370 U.S. 626, 633-34 (1962).

¹⁹ Haines v. Quigg, 673 F. Supp. 314, 316-17, 5 USPQ2d 1130, 1131-32 (N. D. Ind. 1987); Smith v. Diamond, 209 USPQ 1091 (D.D.C. 1981); Potter v. Dann, 201 USPQ 574 (D.D.C. 1978); Ex parte Murray, 1891 Dec. Comm'r Pat. 130, 131 (Comm'r Pat. 1891).

A delay resulting from the lack of knowledge or improper application of the patent statute, rules of practice or the MPEP does not constitute an "unavoidable" delay.²⁰ A delay caused by an applicant's lack of knowledge or improper application of the patent statute, rules of practice or the MPEP is not rendered "unavoidable" due to: (1) the applicant's reliance upon oral advice from Office employees; or (2) the Office's failure to advise the applicant of any deficiency in sufficient time to permit the applicant to take corrective action.²¹

Lastly, with regard to petitioner's statement regarding SI's "intention not to pay the 7 ½ year maintenance fee," the showing of record suggest that petitioner SI intentionally delayed payment of the maintenance fee.

The "unavoidable" standard in 35 U.S.C. § 41(c)(1) is identical to the "unavoidable" standard in 35 U.S.C. § 133 for reviving an abandoned application because 35 U.S.C. § 41(c)(1) uses the same language (i.e., "unavoidable" delay).²² Likewise, the "unintentional" standard in 35 U.S.C. § 41(c)(1) is the same as the "unintentionally" standard in 35 U.S.C. § 41(a)(7) because 35 U.S.C. § 41(c)(1) uses the same word ("unintentional"), albeit in a different part of speech (i.e., the adjective "unintentional" rather than the adverb "unintentionally"). With regard to the "unintentional" delay standard:

²⁰ Id.

²¹ See In re Sivertz, 227 USPQ 255, 256 (Comm'r Pat. 1985); see also In re Colombo, Inc., 33 USPQ2d 1530, 1532 (Comm'r Pat. 1994) (while the Office attempts to notify applicants of deficiencies in their responses in a manner permitting a timely correction, the Office has no obligation to notify parties of deficiencies in their responses in a manner permitting a timely correction).

²² See Ray v. Lehman, 55 F.3d 606, 608-09, 34 USPQ2d 1786, 1787 (Fed. Cir. 1995) (citing In re Patent No. 4,409,763, 7 USPQ2d 1798, 1800 (Comm'r Pat. 1988), *aff'd*, Rydeen v. Quigg, 748 F. Supp. 900, 16 USPQ2d 1876 (D.D.C. 1990)).

Where the applicant deliberately permits an application to become abandoned (e.g., due to a conclusion that the claims are unpatentable, that a rejection in an Office action cannot be overcome, or that the invention lacks sufficient commercial value to justify continued prosecution), the abandonment of such application is considered to be a deliberately chosen course of action, and the resulting delay cannot be considered as "unintentional" within the meaning of [37 CFR] 1.137(b). . . . An intentional delay resulting from a deliberate course of action chosen by the applicant is not affected by: (1) the correctness of the applicant's (or applicant's representative's) decision to abandon the application or not to seek or persist in seeking revival of the application; (2) the correctness or propriety of a rejection, or other objection, requirement, or decision by the Office; or (3) the discovery of new information or evidence, or other change in circumstances subsequent to the abandonment or decision not to seek or persist in seeking revival.²³

The "unavoidable" delay and "unintentional" delay standards are not alternatives: an "unavoidable" delay is the epitome of an "unintentional" delay. A petition under 37 CFR 1.378 cannot be granted unless it meets the minimal "unintentional" delay threshold. Thus, an intentional delay precludes revive under 37 CFR 1.378(b) (on the basis of "unavoidable" delay) or 37 CFR 1.378(c) (on the basis of "unintentional" delay).²⁴

In regards to period (2) above, as enumerated above, petitioner states that petitioner learned that the subject patent had expired on April 1, 2011. The subject petition was not filed until September 19, 2011, however, over five months after petitioner learned that the patent had expired. While it is noted that petitioner's counsel states that counsel "had to take steps to ensure filing this Petition on behalf of Marc Richelsoph would not pose legal issues between legal counsel and [SI] or legal issues between Marc Richelsoph and [SI]," petitioner must, nonetheless, provide a documented showing that the entire delay, from when petitioner learned that the patent had become expired, until the date the subject petition was filed, was unavoidable.

²³ See Changes to Patent Practice and Procedure; Final Rule Notice, 62 Fed. Reg. 53131, 53158-59 (October 10, 1997), 1203 Off. Gaz. Pat. Office 63, 86 (October 21, 1997) (discussing the meaning of "unintentional" delay in the context of the revival of an abandoned application).

²⁴ See In re Maldaque, 10 USPQ2d 1477, 1478 (Comm'r Pat 1988).

As the showing presented is insufficient to establish unavoidable delay within the meaning of 35 U.S.C. § 133 and 37 CFR 1.137(a). Thus, the petition will be dismissed.

Petitioner should note that if this petition is not renewed, or if renewed and not granted, then the maintenance fee and post-expiration surcharge are refundable. The \$400.00 petition fee for seeking reconsideration is not refundable. Any request for refund should be in writing to the address noted below.

The maintenance fee and surcharge will be charged to counsel's deposit account, as authorized in the subject petition.

Further correspondence with respect to this matter should be addressed as follows:

By mail: Mail Stop Petition
 Commissioner for Patents
 P.O. Box 1450
 Alexandria, VA 22313-1450

By FAX: (571) 273-8300
 Attn: Office of Petitions

By hand: Customer Service Window
 Mail Stop Petition
 Randolph Building
 401 Dulany Street
 Alexandria, VA 22314

Telephone inquiries should be directed to the undersigned at 571-272-3231.


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